

WIND ON THE WIRES: Responses to Questions posted to Michigan Energy Forum Website

31. What impact has Michigan's retail market structure had on compliance with the renewable energy standard?

The alternative energy suppliers in Michigan have indicated their intention to purchase RECs to comply with the RES requirements, and have “incurred little or no costs associated with complying with the (RES) statute at this time.” (Michigan PSC, *Report on the Implementation of the PA 295 Renewable Energy Standard and the Cost-Effectiveness of the energy Standards* at 14 (2/12/2013)). Utilities, on the other hand, are meeting their requirements with a combination of purchasing renewable energy through PPAs, owning and operating renewable energy facilities and buying RECs. The difference in requirements causes a price impact that impedes affects competition. The RES should be price neutral for ratepayers and not a source of arbitrage between utilities and alternative energy suppliers. Thus, alternative energy suppliers should be required to enter into PPAs of similar duration as the utilities.

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